

REGIONAL RURAL BANKS, MICROFINANCE AND WOMEN EMPOWERMENT

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ABSTRACT

Banks play a positive role in the economic development of a country. It accepts deposits in various forms like current, savings etc. By offering attractive saving schemes and ensuring safety of deposits, it encourages willingness to save among people. Specially, women who are having more saving propensity are quickly concerned in lucrative schemes offered by rural banks through bridge of Self Help Groups. Women are to be given financial support, which tends to support their economic empowerment. Microfinance is a strong instrument to evoke the fury of spirit for empowerment of women in society. The present study on consequence of microfinance by Assam Gramin Vikash Bank on level of empowerment of women microfinance beneficiaries revealed that majority (74.58%) of the respondent found it is medium, while there was a strong correlation (significance level= 0.000) between repayment of microfinance and level of women empowerment.

KEYWORDS: Bank, Microfinance & Women Empowerment

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INTRODUCTION

Economic development is a continuous process. The success of economic development depends essentially on the extent of mobilization of resources and investment and on the operational efficiency and economic discipline displayed by the various segments of the economy. Banks play a positive role in the economic development of a country as they not only accept and deploy large funds in a fiduciary capacity but also leverage such funds through credit creation. A commercial bank is a financial intermediary which accepts deposits of money from the public and lends them with a view to make profits. The banking system forms the core of the financial sector of an economy. Particularly, regional rural banks through SHG-Banking linkage are becoming a milestone for the Empowerment of women in the rural areas. In words of former president Dr. A.P.J Abdul Kalam, empowering women is a prerequisite for creating a good nation, when women are empowered, society with stability is assured. Empowerment of women is essential as their thoughts and their value systems lead the development of a good family, good society and ultimately a good nation. Banks play a positive role in the economic development of a country as they not only accept and deploy large funds in a fiduciary capacity but also leverage such funds through credit creation. The banking system forms the core of the financial sector of an economy. The role of commercial banks is particularly important in developing countries. Empowerment of women is essential as their thoughts and their value systems lead the development of a good family, good society and ultimately a good nation. Empowerment is an ongoing and dynamic process, which enhances women's and any other marginalized and alienated groups ability to change the structure and ideologies that keep them subordinate (Bhasin & Dhar 1998). It consists of greater access to knowledge and resources, greater autonomy in

decision making to enable women to have greater ability to plan their lives. The effective organization of self help groups is a significant instrument in the process of empowerment. Disbursement of microfinance through banks has evolved success in empowering women. observed that microfinance is being referred to as one of the cost effective and supplementary tools of rural credit delivery system which facilitates prompt and timely availability of institutional credit to poor (**Pandey P. 2009**). It increases self confidence and status of women within the family and within the society. It can make them able to earn higher income, provide employment, and enable them to adopt new technology, acquire new skills, promote asset creation, increase entrepreneurship among them. So, women empowerment is assumed to be an automatic outcome of microfinance intervention. SHG and its linkage with banks was an important vehicle to promote microfinance in India (**Selvachandra, 2004**). In India, microcredit studies were done on SHGs dealing with dairy farming had noted positive profit level in terms of income and short payback period of loan. (Lalitha and Nagarajan, 2002). The loans extended are typically small (micro). They are provided in varying context either to individuals or groups ranging from personal microcredit to small entrepreneurial support. For uplifting the socio-economic status of rural population, Assam Gramin Vikash Bank-the pioneer Regional Rural Bank of the State has been continuously putting aggressive efforts since its inception (**AGVB Barta**). Its sincere efforts towards providing microfinance in comparatively low rate of interest (7%) are helping in economic empowerment of women SHG members. The present study reveals the impact of microfinance on the level of women empowerment. Objectives of the study were

- To construct a scale to measure the level of women empowerment of SHG beneficiaries of microfinance provided by Assam Gramin Vikash Bank.
- To study relationship between repayment of microfinance and level of women empowerment.

PROCEDURE

A rating scale was developed for the purpose of measuring the level of women empowerment of the women SHG members through utilization of microfinance provided by Assam Gramin Vikash Bank. The scale had 5 dimensions.

- Social empowerment
- Economic empowerment
- Physical empowerment
- Legal empowerment
- Promotion towards entrepreneurship

In each dimension, 15 statements were there. Hence, initially 75 statements were selected by consulting literatures and experts for construction of the scale on level of women empowerment. The items were arranged both positively and negatively, so that fifty per cent of the items remain positive and rest fifty per cent remain negative. After that the items were given to 40 numbers of judges for rating.

Item Selection and Analysis

After 20 days, 20 judges had given back their responses, on the basis of which item analysis was done by summated rating method (Edwards, 1957).The t- value for each item were calculated and out of the 75 statements, 15 statements were found to obtain a t-value more than 1.75. These 15 statements were selected for the final scale for

measuring level of women empowerment.

Reliability and Validity

The split- half method was used to test the reliability of the scale by using Pearson's product moment correlation coefficient. The split- half method reliability was found to be high ($r=0.90$) in case of the 15 items. The content validity was established as the statements were judged by experts.

Based on Mean (\bar{X}) and standard deviation (σ) of the obtained scores, respondents were classified as:

Table 1: Classification of Respondents According to Perceived Level of Women Empowerment

Category	Range
Low	Below ($\bar{X} - \sigma$)
Medium	($\bar{X} - \sigma$) to ($\bar{X} + \sigma$)
High	Above ($\bar{X} + \sigma$)

The possible total score which a respondent could get ranged between 15 and 75.

Table 2: Scale on Measuring Level of Women Empowerment

Sl No	Statements	Strongly Agree	Agree	Neutral	DA	SDA
1. SOCIAL EMPOWERMENT						
a	Microfinance provided by the bank helps me to have a higher position in the society than earlier.					
b	After getting microfinance it is possible for me to make our children educated in good environment.					
c	Social sanction is not often attained even if microfinance is obtained.					
2. ECONOMIC EMPOWERMENT						
a	Protection of my family assets is due possible because of availing microfinance.					
b	After getting help from microfinance I could develop a market oriented envision.					
c	I can't spend my income as my wish even if it is constructive.					
3. PHYSICAL EMPOWERMENT						
a	After availing microfinance I am able to take proper healthcare of myself and my family.					
b	I can't avoid dealing with moneylenders even though I am availing microfinance.					
c	I can spend a little during needful situation of my family.					
4. LEGAL EMPOWERMENT						
a	Now, I am having right to speak while dealing with social matters.					

b	Gender awareness is considered important after attaining trainings organized by bank.					
c	I suffer from domestic violence even though I m contributing to family income.					
5. PROMOTION TOWARDS ENTREPRENEURSHIP						
a	I have developed courage to come up with new strategies to be a successful entrepreneur.					
b	Mitigating risk through microfinance is not possible for me.					
c	I am getting no scope for entrepreneurship development through the bank'					

RESULTS

Using the constructed scale it was found that majority of the respondents had medium level of perceived women empowerment (74.58%), followed by respondents of perceived low level of women empowerment (15.00%) and about ten percent (10.41%) respondents were having high level of perceived women empowerment.

Table 3: Percentage Distribution of Respondents According to Their Perceived Level of Women Empowerment

			N=240
Level	Score	Frequency	Percentage
High	Above 62.94	25	10.41
Medium	46.28 to 62.94	179	74.58
Low	Below 46.28	36	15.00
Total		240	100.00

Repayment of Microfinance

To find out the relationship between repayment of microfinance by the women and their level of women empowerment, chi-square was used following ANOVA which was followed by Post hoc analysis using SPSS-16.

Table 4: Association between Repayment of Microfinance and Level of Women Empowerment

Chi Square Value	Degrees of Freedom	Asymptotic Significance (2 Sided)
1.077	4	.000

Doing chi square, it was found that asymptotic significance level is.000. That means, it is highly significant So, we can reject the null hypothesis (H_0) and it proves there is a significant relationship between repayment of microfinance by the respondent and perceived level of women empowerment.

ANOVA was also tested to search if there is significant difference in perceived level of women empowerment with respect to repayment of microfinance of the respondent. It can be observed in Table 5.

Table 5: Analysis of Variance between Repayments of Microfinance by The Respondents and their Perceived Women Empowerment

ANOVA					
Source	Sum of Squares	d.f	Mean Square	F	Sig.

Between Groups	7183.664	2	3591.832	108.43	.000
Within Groups	7850.498	237	33.124		
Total	15034.162	239			

From Table 5 it is observed that significance level is .000, which means there is a highly significant relationship between repayment of microfinance by the respondents and their perceived level of women empowerment.

Post Hoc Analysis: Post hoc test was also performed to see if any difference prevails between the groups and which group (s) is/are significantly different from which.

Table 6: Multiple Comparisons between Repayments of Microfinance by the Respondents and their Perceived women Empowerment

Dependent Variable: Women Empowerment							
	Repayment (I)	Repayment (J)	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Level	
						Lower bound	Upper bound
<i>Tukey's H.S.D</i>	Less than 70%	70%	-11.1234*	1.37917	.000	-13.840	-8.4063
		90%	-18.3827*	1.3639	.000	-21.064	-15.695
	70%-90%	less	11.1234*	1.37917	.000	8.4063	13.8402
		90%	-7.25892*	.77966	.000	-8.7949	-5.7230
	More 90%	less	18.38217*	1.36399	.000	15.6951	21.0693
		70%	.70915	1.13732	.534	-1.5314	2.9497

Doing post hoc analysis, it was found that *Tukey's HSD* (honestly significant difference) does not differ group wise. Also significance level is .000. So the null hypothesis is rejected and it proved that there is a relationship between repayment of microfinance by the respondent and perceived women empowerment. It is for the fact that repayment of microfinance influences repayment behaviour of a person. A person can repay the micro credit in time when she is successful in utilizing it.

CONCLUSIONS

The study reveals that Microfinance helped the women members to upgrade their level of empowerment regarding social, economic, physical, legal dimensions of empowerment along with their urge to go for promotion of entrepreneurship. Majority of the respondents (74.56%) perceived medium level of women empowerment through microfinance, but 10.41% of respondents perceived high level of women empowerment through microfinance disbursed to them.

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